

STATEMENT OF REP. JOHN CONYERS, JR.
Courts, the Internet, and Intellectual Property Subcommittee
Hearing on H.R. 1417, the "Copyright Royalty and Distribution Reform Act"
2141 Rayburn HOB
2 PM, Tuesday, April 1, 2003

Last June, this panel appeared before us to voice its concerns with the current CARP system. People on both sides of the equation, that is the buyers and the owners, are in complete agreement that the current CARP system is very problematic and that a change in the process is in order. Based on that hearing, Chairman Smith, Ranking Member Berman, and I have introduced legislation would make substantial changes to the current system.

We heard the current system, the CARP, is too costly because the copyright owners and users have to pay for the arbitrators. Our bill, H.R. 1417, creates a Copyright Royalty Judge who would be paid by the government to carry out designated functions related to setting royalty rates and distributing royalty fees to copyright owners. This provision should significantly lower the costs to those who require these services.

Another complaint was that the CARP system does not have adequate rules on how to address hearsay evidence at hearings. This bill explicitly requires that the Judge treat hearsay evidence in the same manner that it is treated in federal court.

This bill also alters the terms for which certain royalty rates are in effect. Rates that are determined by the Copyright Royalty Judge will be in effect for five years. This should create some predictability and uniformity for those who rely on the Judge's determinations.

Finally, parties on both sides of the debate argued that the substantive standards that the CARP uses to set royalty rates should be changed somehow. In an effort to reach a compromise and pass a bill that does not alter any substantive rights, this bill changes only the procedure for rate settings and distributions. It does not alter the standards by which those rates are set or the funds are distributed.